The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC 01486-85
4 April 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: David B. Low
National Intelligence Officer for Economics

SUBJECT: A Decline of the Dollar: Some Policy Implications

1. Over the last two weeks the US dollar has declined sharply and is now about 10 percent below peak levels set in February. Despite the drop, the dollar remains about 30 percent above the rate analysts feel would restore the competitiveness of US goods in world markets.

2. Analysis done for the State Department by Project LINK shows that a 10 percent decline of the dollar will have only a moderate effect on inflation and growth. The decline will add about three-tenths of a point to consumer prices in the US in each of the next two years and cause somewhat larger reductions in inflation abroad (see attached table). Improved foreign sector performance will add slightly to US growth over the next year but cause reduced growth in European countries which have relied heavily on exports to the US for their recoveries.

3. A more substantial decline of the dollar would raise some significant policy issues for the United States.

— Unless the European countries and Japan adopt stimulative economic programs to offset the impact on their economic growth rates of trade losses caused by appreciation of their currencies, global growth would decline with serious implications for LDC recovery.

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— For their part, foreign governments will watch closely the reaction of the Federal Reserve to temporary increases in inflation generated by the dollar's fall. A significant tightening of credit would also pose problems for the global recovery and LDC debt prospects.

4. Policy reactions in turn will depend in large measure on the circumstances surrounding a decline.

-- A gradual convergence of growth and real interest rates between the US, Japan, and Western Europe with foreign growth improving and US growth moderating somewhat is viewed as an optimal scenario that could allow for a gradual fall in the dollar and carry the least potential for negative policy adjustment.

— A rapid decline in the dollar triggered by a US recession, on the other hand, carries perhaps the greatest potential for adverse policy reactions both by the Fed and major countries overseas. Without the stimulus of US growth, European governments would be even less likely to follow reflationary policies.

5. Over the last year, the more optimistic scenario has been unfolding, and continued bullish forecasts for US growth at a more modest pace give some analysts hope that this trend will continue. In the 12 years of floating rates, however, gradual currency adjustment and parallel movement of growth here and abroad has been the exception. Thus, based on past experience a major decline of the dollar under adverse circumstances remains the most likely outcome. Analysts disagree widely on the timing of any major decline, with many feeling the dollar will stay strong for several years.

David B. Low

Attachments:
Table: Effects of Dollar Decline
Attachment 1: Why the Dollar is High
Attachment 2: Impact of a High Dollar
State/INR Report: Implications of Dollar Depreciation

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NIO/Econ/DL:rr [redacted] **4 April 1985** **NIC 01486-85** 25X1

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THE EFFECTS OF A 10 PERCENT DECLINE IN THE DOLLAR ON GROWTH AND INFLATION [1]

Real Growth

Years:	1	2	3	4
EC	-0.9	+0.3	nil	nil
Japan	-1.0	-0.2	nil	nil
U.S.	+0.2	-0.2	nil	nil

Inflation
(consumer price deflator)

Years:	1	2	3	4
EC	-0.3	-0.6	-0.5	-0.5
Japan	-0.7	-0.5	-0.5	-0.3
U.S.	+0.3	+0.3	+0.2	+0.1

[1] Based on analysis by LINK for State Department

ATTACHMENT 1

WHY THE DOLLAR IS "HIGH"

In its 1985 annual report, the Council of Economic Advisors cites two major factors for the roughly 60 percent rise in the dollar since 1980:

— Tight monetary policy in the 1980-82 period that led to the expectation that there was a very favorable real interest rate differential for investing in US dollars.

— Since 1982, the Economic Recovery Tax Act together with reduced inflation which significantly raised after tax rates of return on new business investments in the US. These higher rates, in turn, spilled over into financial investments in general.

The Council also points to a reversal of international lending outflow and generally favorable longer-run prospects for the US economy (presumably vis-a-vis Europe and most LDCs) as contributing factors in the dollar's rise. (This net inflow of capital results from a reduction in the level of outflows from the US. Foreign funds coming into the US have not increased significantly over the past few years.) The Council's report notes that expanding Federal budget deficits are often cited as a cause of high real interest rates but indicates that "numerous" studies have so far failed to uncover a significant relationship between deficits and the dollar's rate.

Debate over why the dollar is high centers around which of these factors is most important. Those who blame federal budget deficits argue that as long as the United States does not cover domestic investment with domestic savings, the need to import significant amounts of capital causes artificially high real interest rates and boosts the dollar. Others argue that recent declines in real interest rates in the US accompanied by an even stronger dollar show that it is the fundamental strength of the US economy that is attracting funds from abroad.

ATTACHMENT 2

THE IMPACT OF A HIGH DOLLAR

— Data Resources (DRI), in recent testimony before the JEC, estimated the costs at 1.5 million jobs lost since 1980 and blames the high dollar for two-thirds of the deterioration in the US current account.

— An an indicator of lost competitiveness, DRI cites Japanese unit labor costs, which were nearly as high as US costs in 1978, and are now at a level of only 60 percent of those in the US because of the rise in the dollar.

— While this analysis takes account of jobs lost to foreign competition, it does not account for the jobs gained either directly as a result of the net inflow of capital or indirectly due the federal spending levels that are funded in part by these inflows.

Those analysts who argue that the high dollar is a result of the strong economy point to substantial investment growth as proof that the private sector is doing well despite the dollar.

— By late 1984, investment in producers durable equipment was running nearly 30 percent above the average for 1983.

— But this overall figure masks a relatively low rate of industrial investment.

— Furthermore, 25 to 30 percent of purchases of durable equipment (exclusive of automobiles) are now filled by imports, up from 15 percent only 3 to 4 years ago.

— What we are probably seeing is a massive shift in investment toward services and defense-related industries with a large decline in investment in those industries that must compete with firms overseas.

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ASSESSMENTS
AND
RESEARCH

(U) IMPLICATIONS OF A DOLLAR DEPRECIATION

Summary

A major depreciation of the US dollar, which many currency forecasters have warned of for more than two years, has not occurred. The dollar has now reached record highs against several other major currencies following a drop earlier in the year; its current strength, based on hikes in US interest rates and tensions in the Persian Gulf, may be sustained or even increased in the coming months.

Several factors, however, point toward a significant dollar decline, possibly before mid-1985. These factors include steeply rising US current account deficits, possible inflationary pressure in the US, and a possible shift in investor preferences if the US recovery slows while Japanese and West German recoveries show strength.

A dollar collapse (e.g., a decline of at least 25 percent in a year) could significantly heighten US inflation, possibly necessitating another painful period of disinflation. The predominant effects of a modest dollar decline are less clear, but more susceptible to econometric estimation. Simulation of the effects of a 10-percent dollar depreciation finds that:

--Trade effects are as expected, with US export volume increased by the dollar depreciation and the volume of exports of nearly all other major industrial countries reduced.

--US inflation rises while the inflation rates of other major industrial countries drop.

--Economic growth rates in Europe and Canada suffer, largely because of the loss of export competitiveness.

The pronounced growth effect in Europe and Canada casts some doubt on the claim of critics of US economic policy that the strong dollar has retarded economic performance in other countries. It suggests instead that the strong dollar, by restricting the competitiveness of US exports, has spurred exports and economic growth in other major industrial countries.

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Background

A key economic issue in the past three years has been the mix of US fiscal and monetary policy--the combination of large budget deficits and tight money. Although viewpoints differ, the majority of economists appear to agree that the large US budget deficits have been a major factor behind the high US interest rates and that these rates, in turn, are partly responsible for the high value of the dollar. In the past few years, European and, to some extent, Japanese officials have argued that the strong dollar has forced them to adopt exceptionally tight monetary policies to protect their own currencies and avoid inflation via higher import prices.

An important cluster of questions involves the likely future course of the US dollar and what that course implies for other countries. The central question is whether the dollar is headed for a significant decline. If it is, a variety of additional questions emerge, including:

--What would this imply for export levels and economic performance in Europe and Japan?

--Would the dollar depreciation bring strong inflationary pressures in the US?

--Would cash-strapped Latin American countries experience a net improvement in their current account balances?

Whither the Dollar?

By the beginning of 1984, the US dollar had risen substantially against the currencies of the major US trading partners--up 35 to 50 percent depending on the weights and base period chosen. The dollar's rise can be attributed to several factors including foreign investors' confidence in the US as a safe haven for assets and the historically high US interest rates, which made dollar-denominated investments especially attractive.

Many of the currency analysts who had been predicting a dollar decline concluded that the correction had begun with the late-January dollar tumble. But the decline, which amounted to around 5 percent on a trade-weighted basis, has been largely reversed owing principally to recent increases in the US interest rates. In coming months the dollar's strength could be sustained or even increased, depending in part on movements in US interest

rates. But, near-term movements aside, several factors still point to a significant dollar decline, possibly before mid-1985.

Perhaps the most important factor that could weaken the dollar is the performance of the US current account. The strong dollar and the robust US economic growth relative to that of most trading partners have helped raise the US current account deficit to unprecedented levels. In 1982, the US ran a current account deficit of $11.2 billion. In 1983, the US current account deficit reached $40.8 billion. Most projections for the 1984 deficit are in the $65-85 billion range.

The higher current account deficit will expand the supply of dollars in foreign currency markets. The excess dollars will probably drive down the dollar exchange rate unless US interest rates rise sufficiently to attract the necessary capital inflows or unless there is a further increase in the perceived relative desirability of investing in the US.

A second factor that could erode the dollar's value would be a resurgence of US inflation. One development causing concern among some financial analysts was an apparent adjustment of US monetary policy at the end of 1982. Hoping to make room for expanded economic growth, the Federal Reserve permitted a bulge in the growth of the narrowly defined money supply (M1) starting late in the year. In 1983 M1, which had grown by 5.1 percent in 1981 and 4.8 percent in 1982, increased by 8.2 percent. A portion of the difference represented the movement of funds from savings vehicles not counted in M1 to the "Super NOW" bank accounts created in that period. But the remainder of the increase reflected a shift to accommodative monetary policy.

While the causes of inflation are complex and controversial, bulges in money supply growth often are followed, after a lag of some 18 to 24 months, by inflationary surges.

Another concern of financial observers has been the recent pace of US economic growth. The surging economy of the first half of 1983 settled down to an annual growth rate of 5 percent by the fourth quarter. But in part for cyclical reasons, economic growth rebounded to an annual rate of 9.7 percent in the first quarter of 1984 and growth for the second quarter is estimated at 7.5 percent. Capacity utilization is up from 69.6 percent at the low point of the 1982 recession to 81.9 percent. Unemployment has fallen from a peak of 10.7 percent to about 7.0 percent. If the economy continues to grow at a high rate, the tighter labor market and fuller capacity utilization could bring stronger price increases.

A third factor that could bring a dollar decline is investor perceptions. In the past few years, the dollar's rise has been

aided by an increase in East-West tensions stemming from, inter alia, the invasion of Afghanistan, martial law in Poland, and NATO missile deployment. If the East-West problem stabilizes, demand for the dollar via the "safe haven" factor will decline unless offset by monetary flows stimulated by new crises in other parts of the world.

Investor confidence in the US economy also reflects the more advanced US stage in the business cycle vis-a-vis other major industrialized countries. The US recovery began in December 1982. Although predictions of its demise thus far have been premature, the recovery may well abate later in the year just as the lagging recoveries in the Federal Republic of Germany and Japan gain momentum. Investors looking for profit in stock markets, direct investment, etc., can be expected to shift assets accordingly. Recent labor strife in France, Germany, and the United Kingdom may cut investor enthusiasm, but some labor market analysts are predicting labor difficulties in the US, possibly beginning with the auto industry this fall.

Effects of a Dollar Decline

The effects of a massive and rapid dollar depreciation can be predicted, in broad outline,1/ with some confidence. The high dollar has benefited the US by significantly reducing domestic inflation. A sharp decline of the dollar could send an inflationary jolt through the US economy. A possible policy response would be a tightening of the growth of monetary aggregates, driving up interest rates and squeezing interest-sensitive US industries including housing, automobiles, and consumer durables.

The harm to the US economy brought by a sharp dollar decline might not be fully counterbalanced by benefits to the rest of the world. A dollar collapse would cut inflationary pressures in foreign industrial countries. But inflation is often slow to decelerate. The inflationary jolt to the US economy might take its effect quickly, bringing a net increase in global inflation. Also, the steep rise in US interest rates that might accompany a sharp dollar drop might trigger another US recession. This in turn could deepen the cuts in export sales by foreign industrial countries. Because oil is priced in dollars, oil-exporting developing countries would be negatively affected as the dollar's international purchasing power declined. And many debt-troubled developing countries might suffer. Higher US interest rates would

1/ Estimation of magnitudes would be more problematic because econometric models are generally less reliable when used to estimate the effects of large, rapid changes outside the range of previous experience.

translate directly into heavier debt servicing burdens--a total of $3.5 billion for each percentage point increase in interest rates.

The impact of a modest depreciation of the dollar is not so clear-cut. A modest dollar decline might have a beneficial impact on the global economy. Economic growth rates and current account balances could become more uniform among countries and more sustainable. Increased stability might enhance investor confidence and promote increased trade and commerce. But the importance of these and other effects and the distribution of the effects among countries are difficult to assess, especially in view of the feedback effects among exchange rates, interest rates, trade volumes, economic growth rates, and inflation rates.

To examine the effects of a moderate dollar depreciation, we used the LINK system of econometric models.2/ The dollar was assumed to fall because of a drop in investor confidence; investors shifted preferences in favor of assets denominated in currencies other than the dollar owing to apprehension over increased US current account deficits or inflationary pressures, or both. Beginning in 1984 the dollar was assumed to decline 10 percent relative to the LINK forecast values of other OECD member currencies. Because of the constraints of the model, no dollar depreciation was assumed with respect to developing countries or centrally planned economies. Although the assumption was that nominal US-OECD exchange rates shifted by 10 percent, the change in real (i.e., inflation-adjusted) exchange rates turned out to be nearly as great.

The effects of dollar depreciation were measured by comparing the results of the depreciation scenario (labeled Dep 10) with a Baseline forecast (called Base). The simulation period is 1984 through 1988. The last two or three years should be considered a projection rather than a forecast.

Dollar Depreciation, World Growth, and Inflation

The 10-percent depreciation of the dollar has a moderately negative impact on world output in the initial year (see annex, Table 1). This result lends some support to the view that, whatever the other effects, a strong dollar is contributing to overall world economic growth.

The exchange rate changes have a substantial impact on the European Community (EC), reducing inflation and cutting real

2/ LINK includes individual country models for members of the Organization for Economic Cooperation and Development (OECD) and the Council for Mutual Economic Assistance (CEMA) and regional models for Africa, Asia, Latin America, and the Middle East.

growth in gross domestic product (GDP) by about 0.9 of a percentage point relative to the Base for 1984. This surprisingly large growth reduction reflects a decline in net exports and the assumption that EC countries will maintain existing monetary and fiscal policies in response to a dollar decline. In subsequent years, real GDP remains below the Base level despite some increase in growth rates. This result suggests that some EC countries might be prompted to adopt stimulative policies following dollar depreciation, to avoid significant losses of economic growth.

The non-oil-exporting developing countries experience an increase in economic growth rates following dollar depreciation. This largely reflects the assumption in the model that their currencies are pegged to the dollar; the dollar depreciation boosts their exports to non-US OECD countries without cutting their exports to the US. In 1984 their GDP growth is up by 0.5 of a percentage point; by 1988 output is well above Base.

Economic output in the centrally planned economies is down marginally in Dep 10 compared with Base. Most of the negative impact is in China, reflecting higher prices for imports from Japan and the EC.

World Trade and Regional Balances

The decline of the dollar increases the dollar value of world trade (as shown in Table 2) largely because US exports expand and the new dollar conversion rate masks Europe's loss of export volume. In the initial year of the dollar devaluation, the real value of world trade is slightly below the Base level. In subsequent years, however, the decline in real exports in Europe, Japan, and many other OECD economies is more than offset by the rise in real exports from the US and developing regions. Relative to Base, the real value of world trade in Dep 10 is from 0.5 to 1.0 percent higher for the years 1985 through 1988.

Trade balances among regions are altered significantly by the 10-percent depreciation of the dollar. The higher dollar price of European goods cuts the projected EC trade surplus by a cumulative sum of around $25 billion. The oil-exporting developing countries' trade surplus rises by roughly $8 billion. The oil price is exogenous and was not changed in response to the dollar depreciation; the higher trade surplus in oil-exporting developing countries reflects an increase in the quantity of oil exports.

The trade deficit of non-oil-exporting developing countries increases by about $9 billion over the five years of the simulation. The higher deficit in these countries reflects the terms-of-trade effect. Their exports for the most part are priced in dollars, so exports remain unchanged; some of their imports are

priced in the currencies of Western Europe and Japan, so their overall import price level increases. Financial flows to developing regions are not modeled; thus the results implicitly assume that any financing necessary for a rise in imports is provided. This should not seriously distort the results because the rise in the trade deficit is moderate and nearly all of the change occurs in Asian economies, which would be relatively well positioned to finance the increase. Deficits in Africa and Latin America are virtually unchanged, as both exports and imports rise.

The Effects of Dollar Depreciation on Individual Industrial Countries

Real Gross National Product. Owing largely to trade effects, dollar depreciation has a negative impact on real growth in 1984 in every major OECD country except the US (see Table 3). The impact on Canada is particularly sharp, reducing the forecast 1984 growth rate from 4.1 percent to 2.1 percent. Japan, Italy, and the FRG also lose 1.0 percentage point or more from their Base growth rates. US growth, in contrast, gains 0.2 of a percentage point in 1984. This reflects an increase in US exports and a decline in imports in real terms.

As adjustment continues into 1985, a different pattern emerges. The initial stimulus to US growth dissipates as higher inflation and interest rates begin to take their effects. The level of US real GNP in 1985 is the same in Dep 10 and Base; in subsequent years the Dep 10 figure falls slightly below Base.

Among the major foreign industrial countries, France is the only one whose economic growth benefits from dollar depreciation. French growth rises above the Base in 1985 and continues at a faster pace over the rest of the simulation period. This results from the gains in real growth in developing regions and the importance of developing-country markets to the French export sector. The other country which may gain, in terms of real GDP, is the UK, though its level of real GDP does not rise above the Base value until 1988. The Canadian real growth rate in Dep 10 rises above the rate in Base in the 1985-88 period; but these gains are not sufficient to offset the negative 1984 impact on Canadian GNP.

Inflation. The effects of dollar depreciation on inflation rates are generally as expected: Slightly lower inflation rates prevail in all of the major OECD countries whose currencies appreciate relative to the dollar, while the US inflation rate is slightly higher (see Table 4). Slower real growth in most major OECD countries and lower import prices (in terms of domestic currency) help reduce inflation. Despite slower US growth in later years, the terms-of-trade effect from dollar depreciation generates a slightly higher US inflation rate, at least until 1988.

Trade. Dollar depreciation increases the US trade deficit in the initial year and reduces it in subsequent years (the "J-curve" effect) as real exports rise more rapidly and imports grow more slowly than in Base (Table 5). The reduction in the US trade deficit is only a few billion dollars per year, suggesting that further dollar depreciation or changes in other economic variables, in the US or abroad, would be needed to reduce the deficit dramatically. Real exports of Japan, Germany, Canada, and Italy decline in Dep 10 relative to Base, as US goods become more competitive. These effects are not so clearly evident in the cases of France and the UK.

Conclusions

This study indicates that a precipitous fall of the dollar could trigger an inflationary surge that could lead to another period of painful disinflation, while a moderate decline (as assessed in the preceding section) would not hold much disruptive potential. Yet the simulation suggests that a modest dollar decline would not be the palliative claimed by some critics of US economic policy. By increasing US competitiveness, the dollar depreciation would retard the export performance of other major OECD countries which has been a significant source of recent GDP growth.

France, often the major OECD country most critical of the strong dollar, could gain somewhat from a depreciating dollar because of French dependence on exports to developing countries. The UK would be relatively insulated from the dollar depreciation, but other large OECD economies probably would incur losses with respect to growth and real exports. Dollar depreciation would enable the other major industrial countries to enjoy greater policy autonomy, but at the cost of having to manage a difficult period of adjustment as productive resources were shifted from trade sectors to domestic production. Some of the countries probably would seek to ease the adjustment by implementing stimulative policies.

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Table 1

The Effects of Dollar Depreciation on World Growth and Inflation

Real Growth Rates
(percent change)

	1984	1985	1986	1987	1988
World					
Dep 10	3.8	3.0	2.3	3.1	3.2
Base	4.1	3.0	2.3	3.1	3.2
OECD					
Dep 10	4.0	2.8	1.7	2.7	3.0
Base	4.4	2.8	1.7	2.8	2.9
EC					
Dep 10	1.3	2.5	2.0	2.3	2.5
Base	2.2	2.2	1.9	2.3	2.3
Non-Oil-Exporting Developing Countries					
Dep 10	4.2	4.2	3.7	4.5	4.8
Base	3.7	4.0	3.6	4.4	4.7
Centrally Planned Economies					
Dep 10	3.4	3.3	3.3	3.4	3.2
Base	3.5	3.3	3.3	3.4	3.3

Inflation Rates
(percent change in private consumption deflator)

	1984	1985	1986	1987	1988
OECD					
Dep 10	4.9	5.7	5.7	5.6	5.5
Base	5.3	5.9	5.9	5.8	5.6
EC					
Dep 10	6.0	6.2	5.8	5.4	5.2
Base	6.3	6.8	6.3	5.9	5.8

Table 2

The Effects of Dollar Depreciation on World Trade
($ billion)

	1984	1985	1986	1987	1988
World Exports					
Nominal					
Dep 10	2,020	2,260	2,479	2,678	2,915
Base	1,942	2,163	2,374	2,570	2,806
Dep 10 - Base	78	97	105	108	109
Real (1970=100)					
Dep 10	590	616	639	658	684
Base	593	614	634	653	679
Dep 10 - Base	-3	2	5	5	5
Trade Balance					
OECD					
Dep 10	-40	-38	-38	-13	4
Base	-38	-36	-36	-10	6
EC					
Dep 10	22	28	28	38	35
Base	23	33	34	45	41
Non-Oil-Exporting Developing Countries					
Dep 10	-15	-19	-23	-24	-27
Base	-13	-17	-22	-22	-25
Oil-Exporting Developing Countries					
Dep 10	34	40	45	48	51
Base	33	39	43	46	49
Centrally Planned Economies					
Dep 10	10	11	11	8	8
Base	9	10	10	8	7

Table 3

The Effects of Dollar Depreciation on Real Growth in Major OECD Countries
(percent change)

	1984	1985	1986	1987	1988
Canada					
Dep 10	2.1	3.6	3.1	3.8	3.6
Base	4.1	3.4	2.0	3.2	3.1
France*					
Dep 10	0.4	1.7	1.9	2.7	2.9
Base	0.7	1.1	1.6	2.7	2.6
FRG					
Dep 10	1.8	3.4	2.0	2.0	2.6
Base	3.0	3.3	1.9	2.1	2.8
Italy					
Dep 10	0.6	2.4	2.5	2.4	1.9
Base	2.0	2.4	2.6	3.0	2.5
Japan					
Dep 10	3.5	3.0	2.7	3.3	3.2
Base	4.5	3.2	2.6	3.3	3.2
UK*					
Dep 10	2.5	2.5	1.1	1.6	2.6
Base	3.3	2.4	1.3	1.3	2.0
US					
Dep 10	6.0	2.8	1.1	2.7	3.2
Base	5.8	3.0	1.2	2.8	3.2

*GNP for all countries except France and the UK, where the measure is GDP.

Table 4

The Effects of Dollar Depreciation on Inflation in Major OECD Countries
(percent change in private consumption deflator)

	1984	1985	1986	1987	1988
Canada					
Dep 10	2.9	5.4	4.3	4.4	4.6
Base	5.7	6.1	5.6	4.8	5.0
France					
Dep 10	6.6	6.4	5.4	4.4	3.9
Base	7.1	7.6	6.4	5.3	5.0
FRG					
Dep 10	2.6	3.7	3.5	3.3	4.5
Base	3.2	4.4	4.2	4.0	4.4
Italy					
Dep 10	11.0	11.4	11.6	10.6	10.9
Base	12.1	11.9	11.7	10.7	11.1
Japan					
Dep 10	2.1	2.4	2.5	2.7	2.9
Base	2.8	2.9	3.0	3.0	3.0
UK					
Dep 10	6.2	6.0	5.4	5.4	4.3
Base	5.8	6.9	7.2	7.2	6.1
US					
Dep 10	4.3	5.6	5.9	5.9	5.7
Base	4.0	5.3	5.7	5.8	5.7

Table 5

The Effects of Dollar Depreciation on Trade Balances in Major OECD Countries
($ billion)

	1984	1985	1986	1987	1988
Canada					
Dep 10	10.2	9.0	6.6	7.6	7.7
Base	8.6	7.6	5.4	6.6	6.8
France					
Dep 10	-0.2	-0.2	0.9	1.7	0.9
Base	-0.4	1.8	3.0	2.7	0.9
FRG					
Dep 10	21.6	29.7	29.9	30.7	30.1
Base	20.8	28.4	27.2	26.6	24.6
Italy					
Dep 10	-7.6	-9.6	-10.7	-10.5	-10.7
Base	-6.2	-7.6	-8.4	-7.7	-7.8
Japan					
Dep 10	37.3	38.1	42.1	48.2	49.7
Base	34.1	35.3	39.3	45.5	47.0
UK					
Dep 10	-5.5	-5.6	-7.5	-4.6	-6.0
Base	-5.2	-3.7	-3.2	-1.0	0.5
US					
Dep 10	-91.5	-95.7	-94.6	-85.7	-67.3
Base	-88.4	-96.4	-98.2	-90.7	-73.0